

Neighborhood Stabilization Program 2 – Proposal

Overview

The Virginia Department of Housing and Community Development (DHCD) received an allocation of \$38.7 million under the *Housing and Economic Recovery Act of 2008* to assist in the redevelopment of abandoned and foreclosed homes in areas of greatest need in the state. While this initiative, known as the Neighborhood Stabilization Program (NSP) will significantly impact and improve targeted neighborhoods, there still remains a considerable number of foreclosed and abandoned homes that will continue to negatively impact communities in Virginia.

The American Recovery and Reinvestment Act has appropriated an additional \$1.93 billion to continue and expand the NSP. Unlike the initial funds which were allocated by formula, these new funds are made available on a competitive basis. DHCD surveyed local governments, non-profits, planning district commissions, and others to determine if there was sufficient interest in aggregating demand and developing a joint proposal for funding. Based on the favorable response, DHCD is moving forward as the lead applicant for a consortium of partners across the state.

Partners

DHCD has identified fifteen partners that will participate in the NSP2. If funded, these partners will be able to bring new resources to neighborhoods that are at risk of becoming blighted and destabilized. The participating partners are:

- Center for Community Development, Incorporated (serving the Cities of Portsmouth and Newport News)
- Central Virginia Housing Coalition (serving the City of Fredericksburg and Counties of Spotsylvania and Stafford)
- Culpeper, Town of
- Danville, City of
- Fauquier, County of
- Habitat for Humanity
- James City, County of
- Loudoun, County of
- Lynchburg Neighborhood Development Foundation
- Martinsville, City of
- Newport News, City of
- Norfolk, City of
- Northern Shenandoah Planning District Commission (serving the Counties of Frederick and Warren)
- Total Action Against Poverty (serving the Cities of Covington and Roanoke)
- Suffolk Redevelopment and Housing Authority

Together, these partners will request approximately \$40 million in NSP funds.

Target Areas

Each partner have identified Census tracts in which they will undertake NSP2 activities. Eligibility and targeting was in part dictated by federally-established criteria, in which scores were assigned to all Census tracts. The overall proposal must have an aggregate Census tract score of 18 or higher, therefore, partners targeted tracts that would meet this threshold. The targeted Census tracts, by partners, are as follows:

Partner	Census Tract
Danville, City of	6, 10
Fauquier, County of	9907.02, 9907.01
Center for Community Development, Inc	2127.01, 2131.04, 2131.03, 303
Culpeper, Town of	9902, 9903, 9905
James City, County of	803.01
Lynchburg, City of	4, 6, 11, 12
Newport News, City of	303, 304, 305, 306
Central Virginia Housing Coalition	201.03, 203.01, 003.00
Loudoun, County of	6101.00, 6102.00, 6107.00, 6104.00, 6106.01, 6105.01, 6105.02, 6106.02, 6110.01, 6110.04, 6110.08, 6110.07, 6110.06, 6110.02, 6111.01, 6111.02, 6112.01, 6112.02, 6112.04, 6112.03, 6112.05, 6115.00, 6116.00, 6117.00, 6118.00, 6110.05, 6114.00, 6113.00, 6110.03
Martinsville, City of	1, 2, 3, 4
Norfolk, City of	61
Northern Shenandoah Planning District Commission	508, 510, 511, 204, 205
Suffolk Redevelopment and Housing Authority	065400, 065500, 075400
Total Action Against Poverty	60100, 000700, 000800, 001000, 001300, 002200
Habitat for Humanity	001100, 001300, 51051990100, 51053840300, 51059421100, 421600, 421700, 421800, 422100, 422300, 422400, 430200, 430800, 431000, 431800, 432700, 452300, 480500, 480800, 480900, 481100, 481200, 482200, 482300, 482500, 482600, 490100, 491100, 491200, 491300, 491400, 491600, 491700, 491800, 492200, 51061990701, 990702, 51065020100, 51620090200, 51069051000, 51073100200, 51083990800, 51089010100, 51089010200, 51670820100, 51101950100, 51105990100, 51105990300, 51107610200, 610501, 610502, 610602, 610700, 611001, 611003, 611005, 611007, 611008, 611102, 611201, 611203, 611204, 611205, 611300, 611400, 611500, 611600, 611700, 611800, 51109950200, 51109950300, 51683910100,

	51683910200, 51683910300, 51683910400, 51685920100, 51685920200, 51690000100, 51690000200, 51690000300, 51690000400, 51720990100, 51137990101, 51137990102, 51730810100, 51730810300, 51730810400, 51730810600, 51730810700, 51730810800, 51153900100, 900300, 900403, 900404, 900405, 900406, 900500, 900600, 900700, 900800, 900901, 900902, 900903, 901001, 901006, 901007, 901008, 901203, 901209, 901210, 901211, 901212, 901213, 901214, 901217, 901218, 901220, 901221, 901223, 901301, 901302, 901403, 901404, 901405, 901406, 901501, 901502, 901601, 901602, 901701, 901702, 901900, 51770000700 000800, 001000, 001300, 002200, 51167990500, 51167990600, 51171040100, 51187020100, 51187020300, 51187020500, 51187020600, 51193990400, 51840000100, 51195991100
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Should the NSP2 proposal be successful, DHCD will enter into agreements with each partner to implement the program. Each partner will be responsible for developing an approved management plan and budget. All funds must be spent within three years.

The methodology for assigning these scores and the scores are available from <http://www.huduser.org/nspgis/map.aspx>. The full NSP2 Notice of Funding Availability can be found online at: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/arrat/actsheet.cfm>.

NSP2 Objectives and Proposed Activities

The intent of the NSP2 is to focus resources in communities that have been hardest hit and greatly impacted by the recent foreclosure crisis. The program seeks to regenerate healthy vital neighborhoods and reach a tipping point at which the private market will once again become active. The program will create more affordable housing opportunities, sustain property values, and address properties that could soon become sources of blight in the neighborhood.

The main activities to be undertaken with NSP2 funding include:

- Buy foreclosed and abandoned homes in eligible, targeted areas
- Repair / rehabilitate homes
- Transfer properties to interested, qualified, and eligible clients
- Create financing packages, such as downpayment and closing cost assistance

Additional activities that may be undertaken include:

- Provision of supportive housing, special needs housing, and rental housing to meet certain income-targeting requirements.
- Demolition of dilapidated housing units

Up to 10 percent of the requested grant amount may be utilized for project administration.

It is anticipated that approximately 300 abandoned or foreclosed homes will be acquired, rehabilitated, and put back in to service through this program. Approximately 20 will be for supportive housing, special needs housing, or rental housing. Approximately 280 will be transferred to eligible, interested, and qualified clients.

While it is expected that approximately 300 abandoned or foreclosed homes will be addressed with the initial NSP2 allocation, the intent is to ultimately affect a much larger number of homes by leveraging these funds. The general NSP2 policy regarding the transfer of property to clients states that homes should be sold at a price equivalent to the amount of NSP2 funds used for acquisition and rehabilitation. As such, this should return a substantial amount of funding that can re-invested into the program.

Client Eligibility

All activities undertaken under NSP2 must ultimately benefit individuals at or below 120 percent area median income.

Additionally, at least 25% of the requested NSP2 funds must benefit individuals at or below 50 percent area median income. In order to satisfy this requirement, the NSP2 activity must result in permanent housing solutions for clients that are served.

Any assisted homebuyer must receive and complete at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. It is expected that homeownership creation, along with the creation of supportive housing, special needs housing, or rental housing will meet this deep income targeting requirement.

Public Comments

Public comments will be received by DHCD through July 12, 2009. Written comments should be addressed to Denise H. Ambrose, Associate Director, Virginia Department of Housing and Community Development, 501 North Second Street, Richmond, Virginia 23219, or through email to: Denise.Ambrose@dhcd.virginia.gov.

This document is in draft form and may change as the proposal is developed. Updates will be posted as they become available.

A final proposal must be submitted by July 17, 2009. Once complete, this document will be made available at <http://www.dhcd.virginia.gov/nsp>.